

Housing Affordability in Southern California

SCAG Housing Summit

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Robert A. Kleinhenz, Ph.D.
Deputy Chief Economist

California Association of REALTORS®

Overview

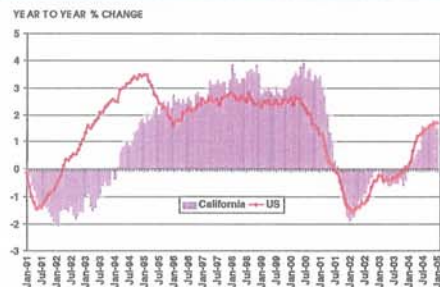
- Market Overview
- Regional Conditions
- California's Affordability Crisis

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California Economy and Housing Market

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Employment Growth, California vs. U.S.



Nonfarm Employment Southern California

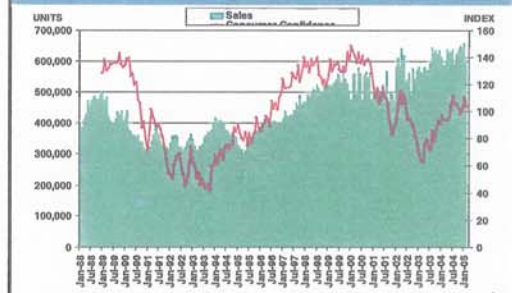
(Thousands)	Nonfarm Employment Feb 2005	Nonfarm Employment Feb 2004	Change	Percent Change
Los Angeles	3,990.6	3,975.8	14.8	0.4%
Orange County	1,463.0	1,435.9	27.1	1.9%
Riverside/SB	1,159.7	1,128.5	31.2	2.8%
San Diego	1,262.5	1,240.9	21.6	1.7%
Ventura	286.1	283.3	2.8	1.0%
Total	8,161.9	8,064.4	97.5	1.2%

SOURCE: California Economic Development Dept.

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Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, February 2005 Sales: 608,165 Units, Up 5.2% Y-T-D, Up 3.2% Y-T-Y

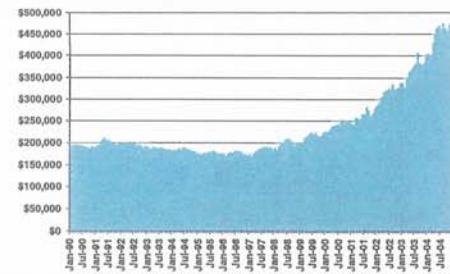


SOURCE: California Association of REALTORS®
The Conference Board

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Median Price of Existing Detached Homes

California, February 2005: \$471,620, Up 20.5% Y-T-Y



SOURCE: California Association of REALTORS®

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Unsold Inventory Index

California, February 2005: 3.9 Months



SOURCE: California Association of REALTORS®

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Sales of Existing Detached Homes and Pacific West Consumer Confidence

Southern California January 2005 Sales: 10,967 Units, Down 0.6% Y-T-D, Down 0.6% Y-T-Y



SOURCE: California Association of REALTORS®

The Conference Board

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Sales of Existing Detached Homes

Southern California Regions

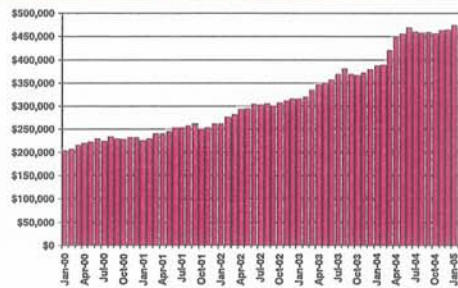
County	Feb-05	Jan-05	Feb-04	M-I-M	Y-T-Y	Y-T-D
High Desert	834	875	756	-4.7%	10.3%	-4.7%
Los Angeles	4,072	4,637	3,838	-12.2%	6.1%	-12.2%
Orange	1,493	1,577	1,420	-5.3%	5.1%	-5.3%
Palm Springs	523	570	560	-8.2%	-9.8%	-8.2%
Riverside/SB	1,117	1,178	1,451	-5.2%	-23.8%	-5.2%
San Diego	1,451	1,593	1,670	-3.5%	-13.1%	-3.5%
San. Barbara Area	148	152	156	-3.9%	-8.4%	-3.9%
Ventura	n.a.	465	431	n.a.	n.a.	n.a.

SOURCE: California Association of REALTORS®

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Median Price of Existing Detached Homes

Southern California, January 2005: \$472,125 Up 21.7% Y-T-Y



SOURCE: California Association of REALTORS®

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Median Price of Existing Detached Homes

Southern California Regions

County	Feb-05	Jan-05	Feb-04	M-I-M	Y-T-Y
High Desert	\$ 257,325	\$ 252,444	\$ 183,198	1.9%	40.5%
Los Angeles	\$ 473,547	\$ 475,805	\$ 390,104	-0.5%	21.4%
Orange	\$ 663,597	\$ 634,277	\$ 569,762	4.6%	16.5%
Palm Springs	\$ 362,121	\$ 380,603	\$ 289,166	-4.9%	23.2%
Riverside/SB	\$ 342,118	\$ 338,778	\$ 254,568	1.0%	34.4%
San Diego	\$ 588,858	\$ 580,215	\$ 479,545	0.1%	21.1%
San. Barbara So. Coast	\$ 1,209,000	\$ 1,262,500	\$ 945,000	-5.0%	27.0%
San. Barbara-North City	\$ 458,000	\$ 443,750	\$ 348,076	1.4%	29.3%
Ventura	n.a.	\$ 638,130	\$ 528,646	n.a.	n.a.

SOURCE: California Association of REALTORS®

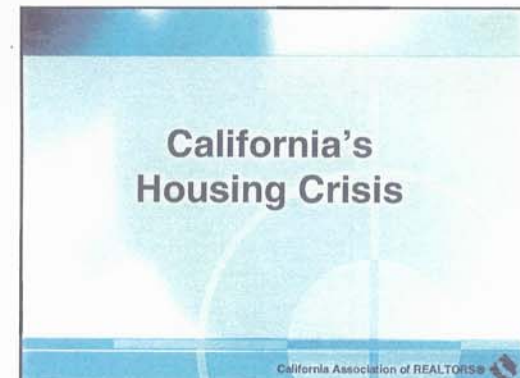
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2005 California Housing Market Forecast

	2000	2001	2002	2003	2004	2005f
SFH Resales	535,470	503,990	572,550	601,770	624,740	609,122
% Change	-0.4%	-5.9%	13.6%	5.1%	3.8%	-2.5%
Median Price	\$241,350	\$262,350	\$316,130	\$372,720	\$450,990	\$518,639
% Change	7.4%	8.7%	20.5%	17.9%	21.0%	15.0%
Afford. Index	31%	34%	29%	27%	20%	16%

SOURCE: California Association of REALTORS® California Association of REALTORS®



*** California's Housing Crisis ***

Four Housing Gaps

- Affordability Gap
- Income Gap
- Homeownership Gap
- Production Gap

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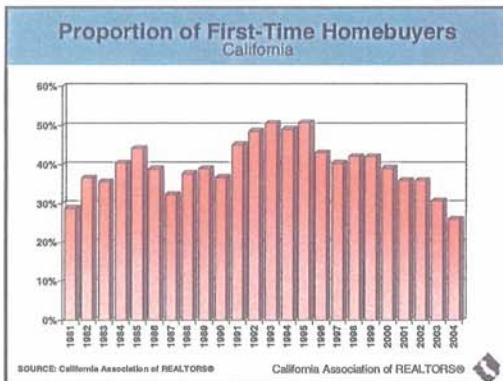
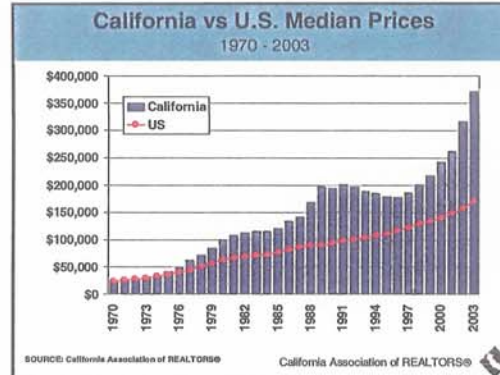
*** California's Housing Crisis ***

Housing Affordability Gap:

- 54% of US households can afford the median priced home, compared to less than 19% in California, a gap of 35%.
- The US-CA gap has been a feature of the California housing market for decades.

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*** California's Housing Crisis ***

Homeownership Gap:

- In 2004, 69% of US households owned their home, compared to 59% in California.
- 10% gap has persisted for several years.

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*** California's Housing Crisis ***

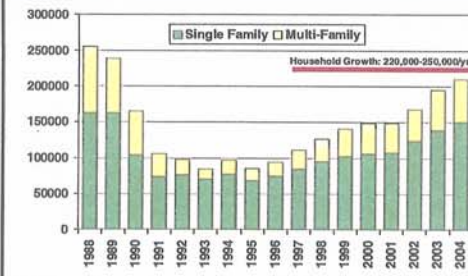
Housing Production Gap:

- California adds 220-250 thousand new households each year
- New home permits have generally fallen short of 200 thousand housing units, hitting 210 thousand units in 2004 and likely to be just short of that this year.

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New Housing Permits

California 2004 +7.6%, Feb. 2005: -6.8% YTD

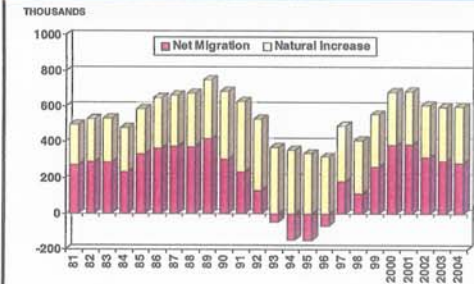


SOURCE: Construction Industry Research Board

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Sources of Population Growth

California (1981-2004)



SOURCE: CA Dept. of Finance

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*** California's Housing Crisis ***

Income Gap:

- In Q4/2004, the minimum qualifying income for the median-priced home was \$109,300 approximately \$56,000 higher than the median income for households in California.

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Housing Income Gap

Area	Median Home Price Q4 2004	Median Household Income	Minimum Qualifying Income	Income Gap
California	\$470,920	\$53,243	\$109,317	(\$56,074)
California - Condos	\$380,560	\$53,243	\$88,341	(\$35,098)
Central Valley	\$299,673	\$40,835	\$69,564	(\$28,729)
San Francisco Bay Area	\$656,687	\$67,747	\$152,439	(\$84,692)
Southern California	\$460,209	\$51,780	\$106,830	(\$55,050)

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*** California's Housing Crisis ***

Recap

- Affordability Gap
- Income Gap
- Homeownership Gap
- Production Gap

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Thank You

www.car.org

robertk@car.org

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